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TAGS: [PREL](#) [NATO](#) [PINR](#) [PGOV](#) [EU](#) [LU](#)
SUBJECT: LUXEMBOURG: SEPTEMBER ISSUE - "DISPATCHES FROM THE DUCHY"

REF: A. SECSTATE 088675
[1](#)B. SECSTATE 092528
[1](#)C. SECSTATE 090254

Classified By: POL/Econ Counselor Michael Via, reasons 1.4(b)(d)

[1](#)1. (SBU) Embassy Luxembourg presents the September "Dispatches from the Duchy" to capture highlights from the local press, diplomatic and international community, and news not otherwise reported during the month.

[1](#)2. (C) Summary: Foreign Minister Jean Asselborn joined Charge d'affaires for lunch on September 11 following a 9/11 commemorative event held on the Chancery compound. Asselborn returned to the Chief of Mission Residence (CMR) on September 17 for a private dinner with Special Envoy Dan Fried to discuss Luxembourg's potential assistance with placement of Guantanamo detainees. The spread of the H1N1 Virus has risen to 333 confirmed cases as of September 25. Human-to-human transmission within Luxembourg is blamed for the majority of these new cases. The Government of Luxembourg will accommodate 28 Iraqi refugees from Syria and Jordan in the framework of the European Union-sponsored resettlement program. In a break with local protocol, Prime Minister Jean-Claude Juncker attended the farewell reception for departing Russian Ambassador Edward Malayan. His Royal Highness Grand Duke Henri was presented the 2009 Van Thuan Award by the Vatican "in recognition of his outstanding and praiseworthy endeavors in the defense of the right to life and religious freedom." Disgruntled dairy farmers dumped 150,000 liters of milk, valued at USD \$60,000, near Luxembourg City to protest higher prices and lower profit margins on September 24. Minister of Finance Luc Frieden announced a projected public budget deficit of 4.4 percent of GDP for 2010 or approximately USD \$2.2 Billion. Possible amendment to Fulbright Tripartite Commission Agreement discussed in Brussels. End Summary.

Lunch with Jean Asselborn; Dinner with Dan Fried

[1](#)3. (C) Charge d'affaires hosted Foreign Minister Jean Asselborn to lunch on September 11 at the CMR following a 9/11 commemorative ceremony held on the Chancery compound with embassy staff. Still effusive with praise for the United States and Obama Administration initiatives in the after glow of his July 30 bilateral with Secretary Clinton, Asselborn declared that the "dark period of Bush-era Foreign Policy had now ended" thereby opening the door for a healthier, more transparent exchange of views with Luxembourg and with its European Union partners writ-large. He cautioned that the United States would lose support for sanctions on Iran from the P-5, specifically Russia, unless some "flexibility" was demonstrated in U.S. policy concerning the break-away republics of Abkhazia (Georgia) and South

Ossetia. He suggested that "clarification" of the Ballistic Missile Defense Shield proposed for either Poland or the Czech Republic might also soften the Russian position on Iran and in the Middle East negotiation process. When pressed, Asselborn offered that the BMD program should be cancelled entirely if the U.S. hoped to truly "push the reset button with its former Cold War adversary." Asselborn noted that sanctions should be considered in the "normal course of diplomatic activity" and offered to intervene with Russian Foreign Minister Sergey Lavrov and German Foreign Minister Frank-Walter Steinmeier, claiming both to be close personal friends. On Afghanistan, Asselborn said the EU Ministers had decided against holding a conference in Kabul due to compelling security concerns and due to the prohibitive administrative and logistical costs involved. He added that both Luxembourg and the EU must continue to focus on this U.S.-led campaign, but admitted that international support seemed to be dwindling following the German-ordered airstrike in early September and comments by Prime Minister Berlusconi alluding to a total withdrawal of Italian troops from the country. During each encounter with embassy staff, Asselborn proudly mentions Luxembourg's contribution of 10 troops and four million Euro to the Afghan effort.

14. (C) Foreign Minister Asselborn and Political Director Georges Frieden returned to the CMR on September 17 for a working dinner with Special Envoy Dan Fried, Charge d'affaires and Executive Assistant Michael Williams to map-out possible assistance from Luxembourg to the USG on the Guantanamo detainee resettlement issue. Asselborn stated that Prime Minister Jean-Claude Juncker and the Christian Social Party were adamantly opposed to, and would not accept,

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any initiative to accommodate detainees in Luxembourg. He told Fried that now was not the time for Luxembourg to abandon its ally, and recommended that the sides work constructively to identify a third country willing to accept financial, logistical and administrative support from the GOL. Asked to clarify his offer, Asselborn stated that Luxembourg could provide funds to transfer detainees to their ultimate destination, to accommodate (house) for a specified period of time (to be determined), and to offer occupational retaining and social reintegration classes. Of the countries discussed, Albania, Romania and Bulgaria, Asselborn and Fried agreed that Albania would be the strongest target of opportunity. (Update: Following initial consultations on the margins of UNGA the week of September 28, S/GC reported back to post that Albanian Prime Minister Sali Berisha had declined to accept assistance from Luxembourg.) Embassy will provide septel the text of a letter delivered to Asselborn on October 2 formally requesting GOL approvals for overflight, landing and transit courtesies at Findel Airport for U.S. military aircraft.

Luxembourg to Accept Iraqi Refugees

15. (U) Immigration Minister, Nicolas Schmit, told local press officials on September 21 that Luxembourg had agreed to "take in" 28 Iraqis from Syria and Jordan in the framework of the European Union-sponsored resettlement program for Iraqi refugees.

Major Increase in H1N1

16. (U) The spread of the H1N1 virus has risen to 333 confirmed cases as of September 25. The new total reflects an increase of 165 cases for the three-week period from September 4 to September 25. Unlike previous cases in which most individuals were reportedly infected while abroad, human-to-human transmission within Luxembourg seems to account for the majority of these new cases. Apart from one

individual who died from the virus (exacerbated by other chronic illnesses) in early September, all others who have contracted the virus have recovered rapidly without major complications.

Juncker Attends Russian Ambassador's Farewell

¶7. (SBU) In a break from local protocol, Prime Minister Jean-Claude Juncker attended the farewell reception for the departing Russian Ambassador Edward Malayan on September 23. His attendance, which is the first of its kind since his participation at a U.S. Embassy reception in 2003, reflects Juncker's gratitude for Malayan's support to arrange the successful visit of Russian President Vladimir Putin to Luxembourg in 2007.

Grand Duke Henri Receives Vatican Award

¶8. (SBU) Luxembourg's Grand Duke Henri was presented the 2009 Van Thuan Award by the Vatican on September 16 "in recognition of his outstanding and praiseworthy endeavors in the defense of the right to life and religious freedom." A private audience with the Pope was held the following day. Grand Duke Henri made headlines in December 2008 for refusing to approve a decision by Luxembourg's Parliament to legalize euthanasia due to reasons of conscience. In the wake of his rejection, Parliament modified the Constitution to limit the Duke's power before making Luxembourg the third country in the EU (after Belgium and the Netherlands) to legally allow euthanasia. Since the award was presented local press op-ed pieces, including one written by Alex Bodry, President of the Socialist Workers Party, (LSAP), the minority party in the current coalition government, have been critical of its presentation to the Grand Duke. Bodry wrote "If the Grand Duke disregards a 150-year old constitution, he should at least not be publicly awarded out of respect for a democratic decision taken by a majority in Luxembourg's Parliament." The Van Thuan Award is given in memory of Cardinal Van Thuan, a Vietnamese cardinal who spent 13 years in prison because of his Catholic faith and whose beatification case was opened in ¶2007. The Van Thuan Award is conferred to personalities of distinction who have demonstrated a commitment to the defense of Human Rights.

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Farmers Protest Milk Price Increases

¶9. (SBU) Dairy farmers dumped 150,000 liters of milk valued at \$60,000 near the capital to protest higher milk prices and lower profit margins on September 24. The protest was accompanied by distribution of free milk at the central square in Luxembourg City. The farmers' request for a meeting with Prime Minister Juncker and Agriculture Minister Schneider to discuss their grievances went unanswered.

Budget Deficit Projected for 2010

¶10. (U) Finance Minister Luc Frieden announced a projected public budget deficit of 4.4 percent of GDP for 2010 or approximately USD \$2.2 billion. He acknowledged that the percentage exceeded the "EU stability pact" of 3%. Frieden explained that "despite the exceptional circumstances that we are going through the government is determined to follow its program". Frieden voiced concern over the government's lower than normal tax revenue expected for 2010 expecting corporate tax, Value Added Tax (VAT), and tax on funds (subscription tax) to each drop by 15 percent. He pledged no increases in

corporate or private taxes for budget year 2010.

Fulbright Commission Decoupling

¶11. (U) Charge d'affaires and PAO Jeffrey Lodermeier attended the monthly Fulbright Commission Board Meeting in Brussels on September 23 and broached the topic of possibly "de-coupling" Luxembourg from the current tripartite (Belgium-U.S.-Luxembourg) structure to allow for greater participation by Luxembourg in Fulbright programs. This concept has been strongly endorsed by Luxembourg Ambassador to the United States, Jean-Paul Senninger, Treasury/Budget Minister Luc Frieden (a former Fulbright scholar), and Minister of Higher Education Francois Biltgen, due in part, to the announcement that no Luxembourg candidates had been selected in recent vetting processes and recruitment by the Commission in Luxembourg has been severely limited. Post agreed to provide the Commission, Embassy Brussels/EU, and ECA with a proposal to amend the current agreement, ratified in 1968, following consultations with the Department.

¶12. (U) If additional information is required, post point of contact is Pol/Econ Counselor, Michael Via, e-mail: ViaMA@state.gov.

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